

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7247

BILL NUMBER: HB 1569

NOTE PREPARED: Jan 19, 2007

BILL AMENDED:

SUBJECT: Health Coverage for Children.

FIRST AUTHOR: Rep. Fry

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires a policy of accident and sickness insurance and a health maintenance organization (HMO) contract to provide coverage for the child of a policyholder, certificate holder, or subscriber, at the request of the policyholder, certificate holder, or subscriber, until the child is 26 years of age.

Effective Date: July 1, 2007.

Explanation of State Expenditures: As of January 2007, the state enrolled approximately 31,155 state employees in 3 health benefit plans: M-Plan, Anthem, and Wellborn. Total annual premium increases for the 3 plans are estimated to be \$7.6 M.

This increase may not necessarily imply additional budgetary outlays since the state's response to increased health benefit costs may include (1) greater employee cost-sharing in health benefits; (2) reduction or elimination of other health benefits; and (3) passing costs onto workers in the form of lower wage increases than would otherwise occur. It is unknown at this time if the state would absorb added costs or pass the costs on to employees.

Background Information-

Anthem Estimate: Anthem reports that to add coverage would result in a \$13.26 increase per member per month. Currently, 20,092 employees are enrolled in an Anthem program. Applying the 2.28 members per employee would result in an Anthem total membership of 45,810. Applying the \$13.26 increase per member would result in an increase of \$607,440 per month with an annual increase of \$7,289,287.

M-Plan Estimate: M-Plan reports that to add coverage would result in a \$0.45 increase per employee per month. Currently, 9,797 employees are enrolled in M-Plan. Applying the \$0.45 increase per employee would result in an increase of \$4,408 per month with an annual increase of \$52,903.

Welborn Estimate: Welborn reports that to add coverage would result in a \$9.64 increase per member per month. Currently, 1,266 employees are enrolled in Welborn. Applying the 2.28 members per employee would result in a total membership of 2,886. Applying the \$9.64 increase per member would result in an increase of \$27,825 per month with an annual increase of \$333,908.

Total annual increases for the 3 plans would equal \$7,676,098.

Explanation of State Revenues:

Explanation of Local Expenditures: Local government groups enrolled in the Local Unit Government Employees (LUG) health plan may experience increased costs. LUG participants have the same benefits as state employees, but are part of a separate risk pool. Currently, 40 local government groups are enrolled in the plan, providing coverage for approximately 1,000 employees.

In addition, school corporations and local governments purchasing health benefit coverage on their own could incur increased premiums. The specific impact is indeterminable, but would depend on current health care coverage. It is unknown if local units would absorb this cost or pass the cost on to employees, as cost sharing of health benefit premiums varies widely by locality.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: Local governments and school corporations.

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